



**General Certificate of Education**

**Applied Business 8610**

**BS11      The Marketing Environment**

**Report on the Examination**

*2010 examination - June series*

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## General Comments

The vast majority of students had covered all aspects of the specification's content. Many of these students made good use of the information contained in the data items and demonstrated a genuine understanding of the marketing environment.

Students gaining higher grades distinguished themselves by tackling the analytical and evaluative questions (assessment objectives 3 and 4) in a systematic way, ie by using the data and their knowledge to identify key issues in relation to the problem that had been set.

## Question One

- (a) Surprisingly, a significant minority of students did not understand what was meant by the term 'economic growth'. This gap in knowledge severely restricted their ability to answer the question. The vast majority of students did, however, understand the term and could access at least three out of the four marks available by explaining how falling personal incomes would reduce the demand for books.
- (b) (i) The majority of students used the data in the item to describe a valid form (or degree) of competition. The best responses used the data to illustrate the highly competitive nature of the market. Weaker responses identified a form of competition but did not use the data to support their choice, often simply copying it out.
- (b) (ii) Better students recognised that the lack of customer loyalty and the poor economic environment meant that promotional or product development activities would be risky and probably a waste of money. Given the circumstances, price cuts were likely to be the best option. Weaker students demonstrated a general understanding of why businesses cut prices but they failed to identify key aspects of the situation facing book retailers.
- (c) This question allowed better students to demonstrate their ability to make supported judgements. These students analysed the data item to identify how specific aspects of the marketing environment could impact on the costs and/or revenues of book publishers. They went on to make sound judgements of the likely impact of these changes. Weaker students sometimes failed to distinguish between book **retailers** and book **publishers** and based their answers on retailers. They often failed to use the data at all but did demonstrate a theoretical understanding of the marketing environment.

## Question Two

- (a) The vast majority of students could use the data in the item to explain a possible marketing reason for *Waterstone's* operating several websites. The best students recognised how these websites could develop/maintain customer loyalty or provide useful market research data.
- (b) The majority of students correctly identified concepts of 'market development' or 'product development', although other concepts would also have been valid. Better students went on to frame the problem by analysing the data in the item. This allowed them to demonstrate the marketing benefits that could result from retailing the 'Sony Reader', eg to enhance the image of *Waterstone's* and gain a competitive advantage. Weaker students restricted themselves to illustrating the meaning of product or market development.

- (c) The majority of students demonstrated an effective understanding of how businesses gain a competitive advantage. Better students went on to question the ability of *Waterstone's* to defend the competitive advantage identified from their analysis of the data item. The very best students went on to make a balanced judgement by homing in on what they considered to be the most important factor.

### **Question Three**

- (a) Most students could, at the very least, use the data item to describe the factors affecting the sales of independent book retailers, eg location, focus on niche markets or customer service. Better students analysed the data item to identify factors, ie they went beyond the list of factors within the item by distilling these into one or two key issues. For example, better students identified that a key issue was a lack of economies of scale in a very competitive market, meaning that the independent retailers had to differentiate themselves in some way. Weaker students limited themselves to simply copying out data from the item, gaining no marks, and demonstrating some general understanding of factors affecting sales (gaining up to two marks).
- (b) This question presented the hardest challenge to students. Better students demonstrated an ability to analyse the purpose of their proposed strategy. These students understood why the strategy was likely to be appropriate, eg relocating in a less urban area because the degree of competition might decline whilst still being able to focus on a niche market such as children's books, allowing the retailer to increase prices. Weaker students, as in previous examinations, demonstrated an understanding of a marketing strategy or activity, but little else, ie their answers were generic. However, more students are answering in context and this is an encouraging trend.

### **Mark Ranges and Award of Grades**

Grade boundaries and cumulative percentage grades are available on the [Results Statistics](#) page of the AQA Website.